

Message Text

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11

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01

XMB-04 OPIC-06 LAB-04 SIL-01 PA-02 PRS-01 NEA-10 /135 W

----- 047999

R 201630Z FEB 76

FM AMCONSUL HALIFAX

TO SECSTATE WASHDC 1244

INFO AMEMBASSY OTTAWA

UNCLAS HALIFAX 0082

E O 11652: N/A

TAGS: PINT, EFIN, CA

SUBJECT: SPEECH BY FEDERAL FINANCE MINISTER IN HALIFAX

1. ON FEBRUARY 18 FEDERAL FINANCE MINISTER DONALD MACDONALD SPOKE AT THE ANNUAL STUDENT-BUSINESSMEN'S DINNER OF THE SAINT MARY'S UNIVERSITY COMMERCE FACULTY. THE MINISTER SPOKE FROM NOTES AND NO PREPARED TEXT WAS AVAILABLE.

2. THE MINISTER TOLD HIS AUDIENCE THAT THE FEDERAL GOVERNMENT WOULD HAVE TO MAKE A SERIOUS REVIEW OF ITS POLICY FOR SUBSIDIZING THE PRICE OF OIL TO CANADIANS. WHILE NOT SAYING THAT THE PRICE TO CONSUMERS WOULD DEFINITELY RISE OR THAT INCREASED TAXATION WOULD BE REQUIRED TO HOLD DOMESTIC PRICES DOWN, HE SAID SOME OTHER SOLUTION THAN THE PRESENT ONE OF HIGH SUBSIDIZATION WOULD BE REQUIRED BEFORE TOO LONG. THE
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MINISTER SAID MORE DEFINITE ANNOUNCEMENTS ON THE ISSUE

WOULD BE MADE WHEN HE PRESENTS HIS FIRST BUDGET TO THE COMMONS IN MAY.

3. MR MACDONALD SAID THAT UP TO NOW THE GOVERNMENT HAS SOUGHT SUCCESSFULLY TO PROTECT THE CANADIAN COMMUNITY FROM THE HIGH WORLD PRICE OF OIL. HOWEVER, THE PUBLIC MUST REALIZE THAT THE CURRENT DOMESTIC RESERVES ARE AT THEIR PEAK AND THAT THE OPEC COUNTRIES ARE UNLIKELY TO DECREASE THEIR PRICES. THE MINISTER SUGGESTED THAT MORE ATTENTION MUST BE PAID TO DEVELOPING ALTERNATE SOURCES OF ENERGY. THE QUESTION FACING THE GOVERNMENT WAS WHAT SHARE OF PUBLIC FUNDS SHOULD BE SPENT ON SUBSIDIZATION AND HOW MUCH SHOULD GO TO PROMOTING DEVELOPMENT OF NEW SOURCES.

4. THE MINISTER DESCRIBED AS OF VITAL IMPORTANCE THE DEVELOPMENT OF NUCLEAR POWER IN NEW BRUNSWICK, FURTHER DEVELOPMENT OF COAL FIELDS IN NOVA SCOTIA AND THE PLANNED ESTABLISHMENT AMONG THE FIVE EASTERN PROVINCES OF A REGIONAL POWER GRID.

5. REFERRING TO THE UPCOMING REVIEW OF THE CANADIAN BANK ACT, THE MINISTER SAID "THE GOVERNMENT IS CONSIDERING HOW MUCH POWER TO ALLOW THE CHARTERED BANKS, AND HOW MUCH FOREIGN INVESTMENT TO PERMIT IN THE COUNTRY".

6. IN DISCUSSING INDUSTRIAL RELATIONS, MR MACDONALD SAID THAT 10 MILLION WORK DAYS WERE LOST IN CANADA IN 1975, "THE SECOND WORST RECORD IN THE WORLD." REFERRING TO LABOR OPPOSITION TO THE GOVERNMENT'S ANTI-INFLATION PROGRAM, HE SAID THAT HE HOPED THE GOVERNMENT WOULD NOT HAVE TO PLAN THE FUTURE OF THE COUNTRY WITHOUT THE PARTICIPATION OF ORGANIZED LABOR.

7. DURING THE COURSE OF AN INTERVIEW PRIOR TO GIVING HIS SPEECH MR MACDONALD SAID THAT IT WAS UNFORTUNATE THAT LABOR GROUPS IN THE MARITIME REGION WOULD NOT BE ABLE TO ACHIEVE THEIR GOAL OF WAGE PARITY WITH UPPER CANADA UNDER THE FEDERAL WAGE AND PRICE GUIDELINES.

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KSEE CONGEN TEL 380, 11/14/75 IN WHICH THE PRIME MINISTER TOLD A HALIFAX GROUP THAT THE ANTI-INFLATION PROGRAM WOULD NOT SOLVE THE MATTER OF WAGE DISPARITIES.) HOWEVER, IN A GESTURE TOWARD HIS MARITIME AUDIENCE, MR MACDONALD SAID THAT IF THE ANTI-INFLATION BOARD FOUND THAT THE EXISTING WAGE DISPARITIES WERE RESPONSIBLE FOR SKILLED LABOR LEAVING THE REGION FOR BETTER PAY IN OTHER PARTS OF CANADA, THE BOARD WOULD

BE FORCED TO RECONSIDER ITS STAND.

8. ALSO DURING THE INTERVIEW THE MINISTER RENEWED HIS PLEA TO LABOR TO ACCEPT THE INEVITABILITY OF THE ANTI-INFLATION PROGRAM, SAYING THAT "THE LABOR GROUPS HAVE TO REALIZE THAT TWO THIRDS OF THE COUNTRY'S GROSS NATIONAL PRODUCT IS MADE UP OF WAGES AND SALARIES" AND THAT THEREFORE ANY ATTEMPT TO REDUCE INFLATION MUST HAVE AN EFFECT ON INDIVIDUAL INCOMES. MANBEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SPEECHES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976HALIFA00082
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760065-0525
From: HALIFAX
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760231/aaaabaow.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ullricre
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUL 2004 by oatisao>; APPROVED <26 AUG 2004 by ullricre>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SPEECH BY FEDERAL FINANCE MINISTER IN HALIFAX
TAGS: PINT, EFIN, CA, (MACDONALD, DONALD)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006